REMARKS/ARGUMENTS

Reconsideration and withdrawal of the rejections of the application are respectfully requested in view of the remarks.

I.   STATUS OF THE CLAIMS AND FORMAL MATTERS

Claims 1-21 are pending. Claims 1, 7, 13, and 19-21 are independent.

II.   REJECTIONS UNDER 35 U.S.C. §103(a)

Claims 1-21 were rejected under 35 U.S.C. §103(a) as allegedly unpatentable over U.S. Patent No. 5,313,298 to Meeker (hereinafter, merely "Meeker") in view of U.S. Patent No. 5,559,557 to Kato (hereinafter, merely "Kato").

Claim 1 recites, *inter alia*:

"A method for encoding a moving video signal comprising a plurality of images, each image having a plurality of pixels, said method comprising steps of:

generating a sum signal and a difference signal of images for every two frames;" (emphasis added)

As understood by Applicants, Meeker relates to providing a new video companding technique and more specifically, to provide video companding which uses spatial masking without introducing blurring into video images. Specifically, Meeker discloses that "a method in a signal processing system for processing of video data comprising performing a forward encode process of the steps of: calculating a local average A_i of a portion V_i of a video input V, which portion corresponds to **a portion P_i of a video frame**;" (column 27, lines 25-30)

(emphasis added). However Meeker does not teach or suggest "generating a sum signal and a difference signal of images for **every two frames**" as recited in independent claim 1.

Applicants respectfully submit that the cited portion of Meeker does not disclose, "generating a sum signal and a difference signal of images **for every two frames**". Applicants submit that there is no disclosure in Meeker of generating a sum signal and difference signal of images **for every two frames**.

It is respectfully submitted that Meeker does not render claim 1 unpatentable.

Applicants submit that the Office Action relies on Kato for a teaching of encoding a signal. Applicants submit that Kato fails to provide the disclosure missing from Meeker regarding the generating feature discussed above. Therefore, the combination of Meeker and Kato fails to teach or suggest the above-identified features of claim 1.

Applicants submit that independent claim 1 is patentable.

For reasons similar to those described above with regard to independent claim 1, independent claims 7, 13 and 19-21, which recites similar features, are also patentable.

Therefore, Applicants submit that independent claims 1, 7, 13 and 19-21 are patentable.

III.   **DEPENDENT CLAIMS**

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual reconsideration of the patentability of each on its own merits is respectfully requested.
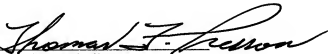
CONCLUSION

In the event the Examiner disagrees with any of statements appearing above with respect to the disclosures in the cited reference it is respectfully requested that the Examiner specifically indicate those portion or portions of the reference, providing the basis for a contrary view.

Please charge any additional fees that may be needed, and credit any overpayment, to our Deposit Account No. 50-0320.

In view of the foregoing amendments and remarks, it is believed that all of the claims in this application are patentable and Applicants respectfully request early passage to issue of the present application.

Respectfully submitted,

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